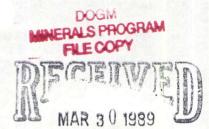
FORM MR-AR (Revised 2/88)

1052V



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Telephone: (801) 538-5340

DIVISION OF OIL, GAS & MINING

Over

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

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	GENE	RAL INFORMATION
	1.	Report Time Period: From (mo./yr.)
	2.	Report Time Period: From (mo./yr.) 1/88 To (mo./yr.) 12/88 DOGM File Number (original notice): M 1 047 1 005
	3.	Mine Name: TUG PROJECT
	4.	Mineral(s) Mined: GOLD / SILVER
	5.	Name of Operator or Company: WESTERN STATES MINERALS CORP.
	6.	Permanent Address: 4975 VAN GORDON ST.
		WHEAT RIDGE
		COLORADO 80033
	7.	Company Representative (or designated operator):
		Name: ALLEN S. GORDON
		Title: ENGINEERING MANAGER
		Address: 4975 VAN GORDON ST., WHEAT RIDGE, (O 8003)
		Phone: 303-425-7042
		Please check if any of the above information has changed since previous year.
I.	MINI	NG AND RECLAMATION
	1.	Was the mine active during the past year? Yes No No
	2.	If active, how much ore or mineral was mined? NONE

	3.	Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, volume of material moved, and the acreage affected.
		NONE
	4.	Briefly describe the reclamation work performed during the past year. This description should include acreage reclaimed, methods employed, and an evaluation of the results.
		NONE
	5.	What was the total unreclaimed acreage at years end? NONE
	6.	Briefly summarize mining and reclamation planned for the upcoming year.
		NONE DEFINITELY PLANNED - PERMITTING AND
		FEASIBILITY STILL IN PROGRESS.
NOTE	:	Section III., "Additional Information" applies only to <u>large mining</u> <u>operations</u> .
III.	ADD	ITIONAL INFORMATION
	1.	An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
	2.	Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.
IV.	SIGN	ATURE REQUIREMENT
	I he	reby certify that the foregoing is true and correct.
		Signature of Operator: Ollan & Commy
		Name (Typed or Print): ALLAN R. CERNY - LAND MANAGER
		Name (Typed or Print): ALLAN R. CERNY - LAND MANAGER Title of Operator: WESTERN STATES MINERALS CORP.
		Date: 3/27/88